

## Message Text

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12

ORIGIN EA-14

INFO OCT-01 EUR-25 ADP-00 IO-13 INT-08 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-15 TRSE-00 OMB-01 /130 R

DRAFTED BY EA/ANP:HHLANGE:RLW

8/23/73 EXT 20309

APPROVED BY EA/ANP:LJMOSER

IO/EX:SCUMMINS (DRAFT)

L/EA:TJOHNSON (DRAFT)

IO/UNP:CSYLVESTER (DRAFT)

INT/OTA:SCARPENTER (DRAFT)

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R 232354Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

AMEMBASSY WELLINGTON

AMEMBASSY LONDON

AMEMBASSY PARIS

INFO AMEMBASSY SUVA BY POUCH

C O N F I D E N T I A L STATE 168560

E.O. 11652: GDS

TAGS: PFOR, AS, NZ, UK, FR, FJ

SUBJECT: SOUTH PACIFIC COMMISSION

REF: A. CANBERRA A-116, MAY 22

B. STATE A-5749, JULY 6

1. SUMMARY. USG ATTITUDE TOWARD AUSTRALIAN SUGGESTIONS FOR CHANGES IN SPC SHOULD NOT BE MISUNDERSTOOD AS NEGATIVE. US DELEGATION TO FORTHCOMING SOUTH PACIFIC CONFERENCE WILL IN FACT SEEK TO SUPPORT GOA ATTEMPTS TO INVIGORATE SPC. US WILL ALSO URGE STRENGTHENING OF SPC THROUGH INCREASED ASSESSMENT BUDGET, EVEN THOUGH US CANNOT JOIN GOA AND GNZ IN VOLUNTARY CONTRIBUTIONS. AND USG IS PREPARED TO SUPPORT  
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ORGANIZATIONAL CHANGES FAVORED BY GOA, PROVIDED KEY ISLAND GOVERNMENTS SUPPORT THEM, AND PROVIDED COMPOSITION AND FUNCTION OF COMMISSION AND CONFERENCE NOT SUBSTANTIALY CHANGED. END SUMMARY.

2. BASED ON RECENT DEPTOFF CONVERSATION WITH BRIAN HILL, GOA FONOFF FIRST ASST- SECRETARY WHO WAS IN WASHINGTON WITH PM WHITLAM'S PARTY, GOA (AND POSSIBLY OTHER GOVERNMENTS WITH WHICH ANY DISCUSSION MAY HAVE TAKEN PLACE) MISCONSTRUED US POSITION DESCRIBED REF (B). FOLLOWING IS CLARIFICATION WHICH SHOULD BE CONVEYED TO ANY OFFICIALS WITH WHOM ADDRESSEE POSTS MAY HAVE DISCUSSED MATTER.

3. CONCERNING GOA PROPOSAL FOR DE FACTO MERGER OF COMMISSION AND CONFERENCE SESSIONS, USG HAS NO OBJECTIONS TO PROPOSAL AND INDEED IS PREPARED TO SUPPORT IT, PROVIDED SUBSTANTIVE CHANGES IN COMPOSITION OR FUNCTIONS (E.G., ASSESSMENTS AUTHORITY) OF THESE BODIES IS NOT INVOLVED, AND KEY ISLAND GOVERNMENTS (E.G., WESTERN SAMOA AND FIJI) ALSO PREPARED TO ENDORSE. INTENT OF REF (B) WAS ONLY TO HIGHLIGHT FACT ANY SPC MEMBER GOVERNMENT COULD ARGUE THAT SUBSTANTIVE CHANGES REQUIRE FORMAL AMENDMENT CANBERRA AGREEMENT RATHER THAN LESS FORMAL UNDERSTANDING OR CONVENTION. SUBJECT TO THESE PROVISOS, US GOVERNMENT WILL NOT RAISE AMENDMENT ISSUE AT GUAM. ALL OF FOREGOING IS WITH ONE CAVEAT: ANY CHANGE CAN IN NO WAY AFFECT BASIC PRINCIPLE THAT ONLY SPC MEMBER GOVERNMENTS CAN DETERMINE LEVEL OF ASSESSMENTS ON THEMSELVES.

4. GOA ALSO PROPOSED THAT IN FUTURE ONLY SPC ADMINISTRATIVE BUDGET BE SUPPORTED BY ASSESSMENTS, AND PROJECTS OR PROGRAMS BE COVERED BY "VOLUNTARY" CONTRIBUTIONS. USG DOES NOT OPPOSE IN PRINCIPLE SO LONG AS IMPLEMENTATION OF PROPOSAL DOES NOT IN ABSENCE OF AMENDMENT TO AGREEMENT RESULT IN ANY FORMAL LIMITATION ON PURPOSES FOR WHICH ASSESSMENT MAY BE SPENT (I.E., ONLY FOR ADMINISTRATIVE EXPENSES). BUT DEPARTMENT DOES WISH EMPHASIZE AND EXPAND ON PRACTICAL CONSIDERATIONS CITED REF (B). WE FACE WHAT IS ESSENTIALLY DUAL PROBLEM RELATIVE TO THIS PROPOSAL. FIRST, IT IS UNUSUAL FOR THE US TO MAKE BOTH ASSESSED AND CONFIDENTIAL

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VOLUNTARY CONTRIBUTIONS TO THE SAME INTERNATIONAL ORGANIZATION. ALTHOUGH SUBJECT HAS NOT BEEN THOROUGHLY EXPLORED RELATIVE TO SPC, SUCH AN APPROACH WOULD HAVE TO BE THOROUGHLY JUSTIFIED; A COMBINATION OF FUNDING SOURCES IS CLEARLY OUT OF QUESTION FOR IMMEDIATE FUTURE AND EVEN FOR LONG TERM MUST BE REGARDED AS AT BEST ONLY POSSIBLE, BUT UNLIKELY. SECONDLY, ANY US VOLUNTARY CONTRIBUTIONS WOULD BE SUBJECT TO ANNUAL JUSTIFICATION, AUTHORIZATION, AND APPROPRIATION AS DISTINCT ITEM IN AID BILL. THIS PROCESS HAS BECOME INCREASINGLY PERILOUS, AND COULD RESULT IN A MOST UNDEPENDABLE SOURCE OF FUNDING. IF ASSESSMENTS WERE TO COVER ONLY ADMINISTRATIVE COSTS, PLUS MINOR PROGRAMS, NET IMPACT (ASSUMING NO USG VOLUNTARY CONTRIBUTIONS IN A GIVEN YEAR AND REDUCTION IN

ADMINISTRATIVE/ASSESSMENT BUDGET) COULD BE SMALLER USG CONTRIBUTION THAN AT PRESENT. IN THE CIRCUMSTANCES, GOA AND OTHERS MAY WISH TO CONSIDER ALTERNATE COURSE OF MORE SIGNIFICANT ASSESSMENT BUDGET INCREASES (E.G. 20 PERCENT) THAN IN RECENT PAST TO COVER BOTH ADMINISTRATIVE COSTS AND WORK PROGRAMS, COUPLED WITH SPECIAL PROGRAMS TO BE FINANCED BY VOLUNTARY CONTRIBUTIONS. NEEDLESS TO SAY,

EXPANDED ASSESSMENT BUDGET WOULD HAVE TO BE THOROUGHLY JUSTIFIABLE IN TERMS OF PROGRAM CONTENT AND NEEDS, AND US ASSESSMENT AS USUAL WOULD BE SUBJECT TO CONGRESSIONAL APPROPRIATION PROCESS.

5. US DELEGATION AT THIRTEENTH CONFERENCE AND 36TH SESSION OF SPC IN GUAM WILL MAKE STRONG, POSITIVE STATEMENT OF SUPPORT FOR SPC, URGING THAT IT BE STRENGTHENED, SPECIFICALLY THROUGH INCREASED CONTRIBUTIONS (BUT WITHOUT HOLDING OUT ANY HOPE FOR US VOLUNTARY CONTRIBUTIONS). US DELEGATION WILL ALSO URGE THAT PARTICIPATION OF ALL TERRITORIES BE MORE ON BASIS OF EQUAL PARTNERSHIP, EVEN IF THIS IN END REQUIRES FORMAL AMENDMENT TO CANBERRA AGREEMENT. IN SHORT, US DELEGATION WILL SEEK TO SUPPORT AUSTRALIAN ATTEMPTS TO ENHANCE INFLUENCE AND EFFECTIVENESS OF SPC, BUT WITH QUALIFICATIONS DISCUSSED ABOVE AND IN REF (B).

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6. FYI. AS EMBASSY CANBERRA AWARE, GOA SUPPORT FOR US OBJECTIVES IN MICRONESIA MOST IMPORTANT TO US WITHIN UN AND OTHER CONTEXTS, AND WILL CONTINUE TO BE SO. FURTHERMORE, SUPPORT PROVIDED BY GOA IN THIS AREA HAS BEEN SOMEWHAT CONTROVERSIAL ISSUE WITHIN GOA, AND TO SOME EXTENT CONFLICTS WITH GOA INTERESTS VIS-A-VIS PAPUA NEW GUINEA AND OTHER PACIFIC ISLANDS. AUSTRALIAN SUPPORT FOR US POSITION IN UN COMMITTEE OF 24 CONSIDERATION OF GUAM, AMERICAN SAMOA, AND PUERTO RICO IS ALSO QUITE USEFUL. IN THE CIRCUMSTANCES IT IS IMPORTANT TO LEND SUPPORT TO AUSTRALIAN SPC INITIATIVES OF IMPORTANCE TO THEM, IF THIS CAN BE DONE WITHOUT DAMAGE TO OUR OWN POSITION AND IN CONSONANCE WITH ATTITUDES AND OBJECTIVES OF ISLAND STATES.

7. BOTH GOA AND GNZ HAVE INCREASED CONSIDERABLY RESOURCES AVAILABLE FOR ASSISTANCE TO PACIFIC AREA. FINAL OUTCOME OF SOUTH PACIFIC CONFERENCE MAY SEE THESE TWO STATES CONTRIBUTING RELATIVELY MORE THAN IN PAST TO SPC BOTH IN RELATIVE AND ABSOLUTE TERMS, AND WE HAVE INDICATED HERE THAT USG WELCOMES THEIR INCREASED ACTIVITY IN PACIFIC. IDEALLY, AT LEAST FOR SHORT TERM, THE CONFERENCE WILL SEE FIT TO ACCOMMODATE BOTH GOA AND GNZ VOLUNTARY CONTRIBUTIONS AND SOME INCREASE IN ASSESSMENT BUDGET. OUR READING FROM WASHINGTON IS THAT AUSTRALIA AND NEW ZEALAND

WHILE NOT ENTHUSIASTIC MAY SUPPORT THIS FORMULATION AT THE CONFERENCE. DEPTOFFS HAVE MADE PARTICULAR EFFORTS TO CONVINCE AUSTRALIANS HERE OF FEASIBILITY THIS APPROACH.

8. UK EMBASSY HERE BELIEVES UK DELEGATION WILL BE PREPARED TO ACCEPT 15 PERCENT INCREASE IN ASSESSED BUDGET

AND WILL NOT REPEAT NOT OFFER VOLUNTARY CONTRIBUTION.

9. IN PAST FRENCH HAVE BEEN CRITICAL OF SPC PLANNING AND HAVE USED THIS TO JUSTIFY MINIMIZING INCREASES IN BUDGET. FRENCH POSITION ON BUDGET IS IN FACT ONE OF MAIN REASONS FOR AUSTRALIAN INITIATIVE ON VOLUNTARY CONTRIBUTIONS. THIS YEAR, THERE APPEARS TO BE SOME IMPROVEMENT IN SPC LONG-RANGE PROJECT PLANNING. TO EXTENT THAT OUR APPROACH TO STRENGTHENING SPC DEPENDS ON INCREASED ASSESSMENT BUDGET  
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FRENCH WILL HAVE TO BE CONVINCED THAT SUCH INCREASES JUSTIFIED. WE HAVE THUS FAR NO INDICATION OF FRENCH ATTITUDE TOWARD ASSESSMENT OR TOWARD AUSTRALIAN PROPOSALS FOR CHANGE. END FYI. RUSH

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Draft Date:** 23 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition Remarks:**  
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**Page Count:** 4  
**Previous Channel Indicators:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** A. CANBERRA A-116, MAY 22 B. STATE A-5749, JULY 6  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 JUL 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20-Jul-2001 by worrelsw>; APPROVED <06-Nov-2001 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SOUTH PACIFIC COMMISSION  
**TAGS:** PFOR, AS, NZ, UK, FR, FJ  
**To:** CANBERRA  
WELLINGTON  
LONDON  
PARIS INFO SUVA BY POUCH  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005